



# California Fair Political Practices Commission

April 11, 1986

Frederick Lowell  
Pillsbury, Madison & Sutro  
P.O. Box 7880  
San Francisco, CA 94120

Re: Your Request for Advice  
Our File No. A-85-262

Dear Mr. Lowell:

Thank you for your letter requesting advice concerning the campaign reporting provisions of the Political Reform Act.<sup>1/</sup> The purpose of this letter is to confirm advice previously provided to you in meetings with Barbara Milman and Jeanne Pritchard, and to clarify that advice in light of additional facts you have provided in meetings with us on January 24, and March 19, 1986.

In your letter you stated the following:

We are counsel for the Chevron Corporation ("Chevron") and its subsidiary, the Chevron Land and Development Company ("Chevron Land"). Chevron is a "committee" pursuant to Government Code section 82013(c) (a so-called "major donor committee"). Because of Chevron's policy that none of its wholly owned subsidiaries may make political contributions, Chevron Land is not a "committee."

Chevron Land periodically enters into general partnerships with other entities for the purpose of engaging in various joint venture real estate projects. Generally, Chevron Land takes a 50% interest in such projects, but even in those in which Chevron Land has more than a 50% interest, the decision-making function is split evenly between the

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<sup>1/</sup> Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated.

partners. The day-to-day affairs of the projects are usually run by a project manager who is either an employee of Chevron Land or, more frequently, of its partner. The project manager may report to an executive committee or a management committee composed of personnel from both partners, but the project manager is in charge of making day-to-day decisions including the signing of most checks. In addition, the project manager may from time to time approve the making of local political contributions with partnership funds.

You have asked whether the contributions made by a joint venture partnership are reportable by the partners as "affiliated entities" within the meaning of 2 Cal. Adm. Code Section 18428, even if there is no direct involvement by the partners in the decision to make the contributions. You note that we had previously advised you that as long as Chevron Land and its partners do not discuss, coordinate or otherwise direct the contributions of the joint venture partnership, there would be no affiliation, and that this conclusion would apply even if one of the partners owned more than 50 percent of the project. We also previously advised you that these conclusions would apply for purposes of Section 84308.

We confirm our previous advice that there would be no affiliation so long as Chevron Land and its partners do not discuss, coordinate or otherwise direct the contributions of the joint venture partnership. See, 2 Cal. Adm. Code Section 18428. We also confirm our previous advice that this conclusion would apply even if one of the partners owned more than 50 percent of the project, and that our conclusions regarding affiliation apply for purposes of Section 84308.

You have also asked us to specifically consider whether the contributions made by the joint venture partnership are reportable by the partners as "affiliated entities" when an employee of one of the partners is the project manager for the joint venture partnership and makes the decisions to make local political contributions with the joint venture partnership funds. You have asked us to assume that the other partner does not direct or control the contributions made by the joint venture partnership.

In this situation, the partner whose employee is the project manager is an affiliated entity with the joint venture partnership and must report the contributions made by the joint

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venture partnership, as well as its own contributions. That partner exercises control over its employee who makes the contributions, and thus that partner is deemed to also exercise control over the contributions. See, 2 Cal. Adm. Code Section 18428. Under the facts you have provided, the other partner exercises no direction or control over the joint venture partnership's contributions and therefore would have no reporting requirements with respect to those contributions.

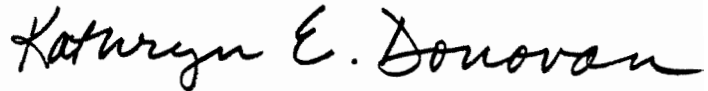
Accordingly, when the project manager is an employee of Chevron Land and makes political contributions with the joint venture partnership funds, those contributions would be reportable by Chevron Land, as an affiliated entity, because Chevron Land exercises control over its employee, the project manager who makes the contributions. Furthermore, unless there are specific facts which indicate that Chevron Land and the joint venture partnership are acting completely independently of Chevron Corporation, Chevron Corporation must aggregate its contributions and the contributions of Chevron Land through the joint venture partnership if the project manager of the joint venture partnership, who makes the contributions, is an employee of Chevron Land. Kahn Opinion, 2 FPPC Opinions 151 (No. 75-185, Nov. 3, 1976). The other corporation involved in the joint venture partnership with Chevron Land would have no reporting requirements in this situation.

You have also asked whether we would conclude that the contributions made by the joint venture partnership are reportable by the partners as "affiliated entities" within the meaning of 2 Cal. Adm. Code Section 18428 if the partners do not discuss, coordinate, or otherwise direct the contributions of the joint venture partnership, but if one of the partners does provide legal advice to the joint venture partnership concerning reporting obligations under the campaign disclosure provisions of the Political Reform Act. We conclude that merely providing legal advice concerning the reporting of political contributions does not constitute direction or control over the making of the contributions; therefore, the contributions made by the partnership would not be reportable by the partners. You should note, however, that in our opinion, the fact that one of the partners provides this legal advice to the joint venture partnership raises questions about whether that partner is also involved in discussing, coordinating, or otherwise directing the contributions of the joint venture partnership.

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If you have any further questions concerning this matter,  
please contact me at (916) 322-5901.

Very truly yours,

A handwritten signature in cursive script that reads "Kathryn E. Donovan".

Kathryn E. Donovan  
Counsel  
Legal Division

KED:plh

LAW OFFICES OF

PILLSBURY, MADISON & SUTRO

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TELEPHONE (408) 947-4000

November 25, 1985

Chevron Corporation - Miscel-  
laneous - Public Affairs

FEDERAL EXPRESS

Ms. Barbara A. Milman  
General Counsel  
Fair Political Practices Commission  
The Travelers Business Center  
428 J Street, Suite 800  
Sacramento, CA 95814

Dear Barbara:

Pursuant to our recent conversation in Sacramento, this constitutes a request for written advice pursuant to Government Code section 83114(b).

We are counsel for the Chevron Corporation ("Chevron") and its subsidiary, the Chevron Land and Development Company ("Chevron Land"). Chevron is a "committee" pursuant to Government Code section 82013(c) (a so-called "major donor committee"). Because of Chevron's policy that none of its wholly owned subsidiaries may make political contributions, Chevron Land is not a "committee."

Chevron Land periodically enters into general partnerships with other entities for the purpose of engaging in various joint venture real estate projects. Generally, Chevron Land takes a 50% interest in such projects, but even in those in which Chevron Land has more than a 50% interest, the decision-making function is split evenly between the partners. The day-to-day affairs of the projects are usually run by a project manager who is either an employee of Chevron Land or, more frequently, of its partner. The project manager may report to an executive committee or a management committee composed of personnel from both partners, but the project manager is in charge of making day-to-day decisions including the signing of most checks. In addition, the project manager may from time to time approve

the making of local political contributions with partnership funds.

Our question concerns the proper reporting of these local contributions. Specifically, you will recall that at our meeting in Sacramento I posed to you the following questions:

1. Are contributions made by a joint venture partnership reportable by the partners as "affiliated entities" within the meaning of 2 Cal. Admin.Code, § 18428, even if there is no direct involvement by the partners in the decision to make the contributions?

2. Would it make a difference if one of the partners owns more than 50% of the joint venture?

3. Assuming that the joint venture is not deemed to be affiliated with the partners for the purposes of 2 Cal.Admin.Code, § 18428, is it also true that no affiliation exists insofar as Government Code section 84308 is concerned (contributions to members of quasi-judicial bodies)?

4. Assuming no affiliation, would your opinion change if the joint venture partnership received legal or other advice concerning its reporting obligations under the campaign disclosure provisions of the Act from one of the partners after the contribution or contributions are made?

At our meeting, you indicated that as long as Chevron Land and its partners do not discuss, coordinate or otherwise direct the contributions of the joint venture partnership, there should be no affiliation. You indicated that this conclusion would apply even if one of the partners owned more than 50% of the project.

I would appreciate it if you would confirm this advice and give us additional advice on question 4 above. If you should require any further information, please do not hesitate to contact me.

Very truly yours,

  
Frederick K. Lowell

cc: Ms. Jeanne Pritchard

Ms. T. Craigie



# California Fair Political Practices Commission

January 22, 1986

Frederick Lowell  
Pillsbury, Madison & Sutro  
P.O. Box 7880  
San Francisco, CA 94120

Re: Your Request for Advice  
Our File No. A-85-262

Dear Mr. Lowell:

Thank you for your letter requesting advice concerning the campaign reporting provisions of the Political Reform Act.<sup>1/</sup> The purpose of this letter is to confirm advice previously provided to you in meetings with Barbara Milman and Jeanne Pritchard, and to clarify that advice in light of additional facts provided in your letter.

In your letter you stated the following:

We are counsel for the Chevron Corporation ("Chevron") and its subsidiary, the Chevron Land and Development Company ("Chevron Land"). Chevron is a "committee" pursuant to Government Code section 82013(c) (a so-called "major donor committee"). Because of Chevron's policy that none of its wholly owned subsidiaries may make political contributions, Chevron Land is not a "committee."

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<sup>1/</sup> Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated.

WITHDRAWN -  
needs revision  
and clarification  
in light of new  
information to  
be provided  
by Fred Lowell  
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partners. The day-to-day affairs of the projects are usually run by a project manager who is either an employee of Chevron Land or, more frequently, of its partner. The project manager may report to an executive committee or a management committee composed of personnel from both partners, but the project manager is in charge of making day-to-day decisions including the signing of most checks. In addition, the project manager may from time to time approve the making of local political contributions with partnership funds.

You have asked whether the contributions made by a joint venture partnership are reportable by the partners as "affiliated entities" within the meaning of 2 Cal. Adm. Code Section 18428, even if there is no direct involvement by the partners in the decision to make the contributions. You note that we had previously advised you that as long as Chevron Land and its partners do not discuss, coordinate or otherwise direct the contributions of the joint venture partnership, there would be no affiliation, and that this conclusion would apply even if one of the partners owned more than 50 percent of the project. We also previously advised you that these conclusions would apply for purposes of Section 84308.

We confirm our previous advice that there would be no affiliation so long as Chevron Land and its partners do not discuss, coordinate or otherwise direct the contributions of the joint venture partnership. See 2 Cal. Adm. Code Section 18428. We also confirm our previous advice that this conclusion would apply even if one of the partners owned more than 50 percent of the project, and that our conclusions regarding affiliation apply for purposes of Section 84308. However, it is important to note that the discussion at the meeting with Barbara Milman and Jeanne Pritchard did not include any discussion of the situation in which an employee of Chevron Land might be the project manager who makes the decisions to make local political contributions with the joint venture partnership funds. This additional information requires us to clarify our previous advice.

When the project manager is an employee of Chevron Land and makes political contributions with the joint venture partnership funds, those contributions are reportable by Chevron Land, as an affiliated entity, because Chevron Land exercises control over its employee, the project manager who makes the contributions. See 2 Cal. Adm. Code Section 18428. Furthermore, Chevron Corporation must aggregate its



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Page 3

contributions and the contributions of the joint venture partnership when the project manager of the joint venture partnership, who makes the contributions, is an employee of Chevron Land. Kahn Opinion, 2 FPFC Ops. 151 (No. 75-185, Nov. 3, 1976).

You have also asked whether we would conclude that the contributions made by the joint venture partnership are reportable by the partners as "affiliated entities" within the meaning of 2 Cal. Adm. Code Section 18428 if the partners do not discuss, coordinate, or otherwise direct the contributions of the joint venture partnership, but if one of the partners does provide legal advice to the joint venture partnership concerning reporting obligations under the campaign disclosure provisions of the Political Reform Act. We conclude that merely providing legal advice concerning the reporting of political contributions does not constitute direction or control over the making of the contributions; therefore, the contributions made by the partnership would not be reportable by the partners. You should note, however, that in our opinion, the fact that one of the partners provides this legal advice to the joint venture partnership raises questions about whether that partner is also involved in discussing, coordinating, or otherwise directing the contributions of the joint venture partnership.

If you have any further questions concerning this matter, please contact me at (916) 322-5901.

Very truly yours,

*Kathryn E. Donovan*

Kathryn E. Donovan  
Counsel  
Legal Division

KED:plh

*Patsy -  
We discussed this  
letter with Fred Lowell  
on 1/24 and agreed  
that it needs to be  
revised. Fred will write  
a letter with new info.  
In the meantime, my  
letter to him is not final,  
it should not be put in  
a package etc.*



# California Fair Political Practices Commission

March 14, 1986

Frederick Lowell  
Pillsbury, Madison & Sutro  
P.O. Box 7880  
San Francisco, CA 94120

Re: Your Request for Advice  
Our File No. A-85-262

Dear Mr. Lowell:

At our meeting on January 24, we discussed your request for advice concerning aggregating the contributions made by joint venture partnerships with the contributions made by the partners. You said that you would be providing me with additional information about this matter. I would like to remind you that I will be happy to discuss any additional information, whenever it is convenient for you. Please contact me at (916) 322-5901.

Very truly yours,

Kathryn E. Donovan  
Counsel  
Legal Division

KED:plh